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Chairman: Mr. Bernardini ..... (Italy)

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The meeting was called to order at 2.45 p.m.

Agenda item 83: Macroeconomic policy questions (A/59/80-E/2004/61 and Corr.1, A/59/115 and A/59/155-E/2004/96)

(a) International trade and development (A/59/15 (Parts I to IV), A/59/305 and A/59/369)

(d) Commodities (A/59/304)

General debate (*continued*)

1. **Ms. Laohaphan** (Thailand) said that her delegation associated itself with the statements made by the representative of Qatar on behalf of the Group of 77 and China, by the representative of Australia on behalf of the Cairns Group, and by the representative of Indonesia on behalf of the Association of South-East Asian Nations (ASEAN).

2. Thailand recognized the importance of international trade as an engine for sustained economic growth and development. The establishment of a universal, open and rules-based multilateral trading system was an essential instrument for promoting economic development, facilitating the integration of the developing countries in the global economy, and eradicating poverty throughout the world. It therefore welcomed the July package agreed by the WTO General Council in Geneva on 1 August 2004 and it appreciated the flexibility shown by many developed countries, which was making a great contribution to a more constructive working environment. In that context it urged both the developed and the developing countries to reaffirm and carry through their commitments as embodied in the package, which provided a framework for future negotiations. Much flexibility, good faith and compromise were still needed in order to bring the Doha Round to a successful and timely conclusion, and fundamental reform of the agenda and the negotiation process would be required.

3. It was necessary to establish modalities for agriculture negotiations designed to achieve greater access to markets, phase out domestic subsidies, and reduce all trade-distorting practices. Thailand hoped to see the creation of a legal framework which provided for measures to combat dumping and other allegedly unfair trade practices, to eliminate the double standard for domestic and foreign companies, and to revise intellectual property rules in order to close the knowledge gap between developed and developing countries. The developing countries should not be forced to accept obligations which overly restricted their ability to pursue active development policies.

4. The outcome of the eleventh session of the United Nations Conference on Trade and Development (UNCTAD XI) was welcome, in particular the consensus reached on such agenda items as policy space, information and communications technology for development, and the implementation of the Doha Development Agenda. That consensus reconfirmed the important role which UNCTAD played in the United Nations system by coordinating the integrated treatment of trade and development. In particular, Thailand fully supported the role of UNCTAD as a forum in which countries could enhance policy convergence on important global issues. It was important to encourage the interaction between UNCTAD and WTO on matters related to the development needs of the developing countries, in the hope that such interaction would lead to the establishment of an institutional relationship between the two bodies.

5. Trade-liberalization measures at the bilateral, regional and multilateral levels complemented and reinforced each other. If correctly designed and implemented, bilateral, regional and subregional trade agreements could help to strengthen the multilateral trading system and ensure that it benefited everyone.

6. **Ms. Mtshali** (South Africa) said that her delegation endorsed the statement made by the representative of Qatar on behalf of the Group of 77 and China. The July package constituted a framework for the elaboration of more detailed negotiating modalities for agriculture, access to non-agricultural markets, services and the facilitation of trade and development.

7. The current economic recovery, driven largely by demand in the United States and southern and eastern Asia, was uneven, benefiting only oil and industrial raw materials without stimulating to any significant extent exports of commodities from Africa. There was a persisting dependence on United States trade and budget deficits to stimulate the global economy, a situation which raised concerns about the uneven distribution of demand among the industrialized

nations and the possibility of new pressures on the dollar which might lead to greater exchange-rate and financial instability. Although South-South trade was increasing, it was limited in nature, impact and scope to a few regions; Africa in particular remained on the periphery of the phenomenon as a result largely of the serious structural weakness of African economies and their dependence on commodities. Furthermore, the higher oil prices were affecting the productivity and competitiveness of many oil-importing countries and lowering the GDP of the highly indebted poor countries, especially in sub-Saharan Africa.

8. Africa was working with determination to expand its agriculture, as it had demonstrated by adopting the Comprehensive Africa Agriculture Development Programme and its commitment to allocate 10 per cent of national budgets to agricultural development. The WTO negotiations on agriculture should lead to the early elimination of export subsidies and the reduction of trade-distorting domestic support measures in order to deliver a development box which accommodated the developing countries' sensitive products, provided special safeguards for them, and gave them the flexibility to address issues of rural development and food security.

9. The negotiations must therefore boost the initiatives to add value to and diversify the exports of the developing countries and produce a plan to eliminate their dependence on commodities. Care must be taken to ensure that developed countries did not use for protectionist purposes the legitimate concerns of the developing countries regarding preference erosion and the ending of textile quotas; they should instead help the developing countries to adjust to the new competitive environment.

10. Additional efforts were urgently required to address issues lying outside the WTO mandate. There must be coherence between national development strategies and global economic processes, and the developing countries must have the policy space which they needed if they were to pursue development policies in an increasingly globalized and interdependent world economy. UNCTAD remained a key partner for the developing countries, and its resources must be increased to enable it to continue making its contribution in forums dealing with matters of economic development.

11. **Mr. Dembélé** (Mali) said that his delegation associated itself with the statement made by the representative of Qatar on behalf of the Group of 77 and China. The globalization of the world economy and the liberalization of world trade were accentuating the social and economic disparities between nations more than ever before. The developing countries, especially the least developed ones, remained marginalized from world trade and were more exposed to the impact of external disturbances. For example Mali, the principal cotton producer in Africa, had an indisputable comparative advantage but could not avail itself of all the opportunities because of the farm subsidies which the developed countries accorded to their own producers.

12. Subsidy policies violated the rules of international law, as WTO had acknowledged, and Mali was working in conjunction with Benin, Burkina Faso and Chad under the sectoral initiative on cotton to promote the establishment of an open, equitable, predictable, rules-based and non-discriminatory multilateral system. It welcomed the plan of action for African cotton producers proposed by President Chirac and also believed that the framework agreement on agricultural products reached at the WTO General Council was a good starting point for the renewal of the negotiations in the framework of the Doha process, with a view to securing a more open and balanced world market for the benefit of rich and poor alike.

13. **Mr. Rangel** (Bolivarian Republic of Venezuela) said that his delegation endorsed the statement made by the representative of Qatar on behalf of the Group of 77 and China. The spaces and advantages necessary to the solution of the development problems of the developing countries were tending to contract, for those countries were being increasingly required to open their markets while the developed countries continued to apply protectionist measures which obstructed the market access of the developing countries' exports. At the same time the conditions imposed by foreign investors ruled out any independent development on the part of the countries receiving the investments. It was therefore essential for the commitments entered into at Doha and Monterrey to lead to a world trading system which did not place the poor countries in a subordinate position or impede their economic self-determination and which barred from financial policies all exclusions and conditions which obstructed or restricted development. Transparent management of the international financial, monetary and trading systems was essential to the

eradication of poverty and the creation of fresh prospects for the developing countries.

14. Venezuela's international policy was based on a new concept of economic, financial and trade diplomacy and the introduction of regional bloc policies which defended sovereignty against hegemonistic aspirations. It was also working to make the international system more democratic and establish a new world economic order founded on participatory democracy, equality, cooperation, justice, non-intervention, solidarity, endogenous development and shared responsibility which made people the focus of its attention and offered them decent living conditions. At home Venezuela was taking steps to achieve the comprehensive development of its people as the cornerstone of the nation's economic advancement; it proposed to that end to establish social democracy more securely in education, health, housing and culture as part of a clear poverty-eradication strategy.

15. A favourable international environment was essential to the attainment of sustainable human development. The industrialized countries had a fundamental responsibility to pursue financial and macroeconomic policies which would deliver growth for all. In view of the importance of its role in preparing the developing countries to participate effectively in the multilateral negotiations, UNCTAD must be furnished with the necessary human and financial resources to play that role.

16. **Mr. Jenie** (Indonesia), speaking on behalf of the countries members of ASEAN and referring to the report of the Secretary-General on international trade and development (A/59/305), stressed the importance of improving the coherence between development strategies and global processes and between the policies relating to the international trading system and the international monetary and financial system, which had a significant impact on the development prospects of the developing countries. In order to attain the objective of an open, equitable, rules-based, predictable and non-discriminatory multilateral trading system it was essential that a positive spirit of cooperation and political resolve should prevail in the negotiation process; for that purpose all States must strive to create a setting conducive to a healthier and equitable global trading system which would provide a stimulus for the developing countries, especially the least developed ones. ASEAN therefore called for improved market access for the exports of the developing countries and elimination of trade-distorting subsidies and barriers to trade in agricultural products, and for attention to be given to the urgent need to provide the developing countries with special and differential treatment.

17. ASEAN welcomed the adoption by UNCTAD XI of the Spirit of São Paolo and the São Paolo Consensus, which had helped to renew the focus on the development dimensions of the international trading system and had reaffirmed that trade was not an end in itself but a means to growth and development. It was also to be hoped that concrete, detailed and specific modalities would be negotiated on the basis of the frameworks agreed by the WTO General Council at its meeting in Geneva on 1 August 2004, followed by the emergence of a development-oriented multilateral trading system.

18. The competitiveness of the countries members of ASEAN depended on their effective integration in the globalized economy through, inter alia, regional integration arrangements which emphasized the spirit of a fair and inclusive globalization process and took into account the need to promote regional development strategies adapted to the different stages of development of the member countries. The ASEAN Economic Community was one such economic integration arrangement and, together with the ASEAN Free Trade Area, one of the three pillars of the future ASEAN Community, planned for 2020. The region's growth indicators were positive: the increase in direct foreign investment in 2003 had placed ASEAN among the regions of highest growth in that respect, and the increase was expected to be even bigger in 2004. In their endeavour to attain the Millennium Development Goals and fulfil their other international commitments the ASEAN countries believed that the international economic and trading system and their own efforts to open the region up to trade and investment should be complementary and mutually reinforcing processes.

19. **Mr. Kittikhoun** (Lao People's Democratic Republic), speaking on behalf of the Group of Landlocked Developing Countries, endorsed the statement made by the representative of Qatar on behalf of the Group of 77 and China. Despite the recovery in international trade, with an estimated growth rate of seven per cent in 2004, there were serious discrepancies in trade performance between countries. The landlocked developing countries in particular remained increasingly marginalized from

international trade by the high transit-transport costs due to their lack of land access to the sea, their remoteness from world markets, and cumbersome border-crossing procedures. Even an insignificant increase in transport costs had an adverse impact on their economies and could easily wipe out the razor-thin profit margins of their exports, for they typically had a narrow economic base and poor export performance, being heavily dependent on a few agricultural and mineral commodities with very limited or non-existent exports of manufactured goods. It was important for the international community to take action to improve their access to trade financing, protect them against the adverse effects of trade liberalization and commodity price volatility, and reduce their transport costs.

20. The landlocked developing countries, many of which were exporters of textiles and clothing, shared the profound concern of other poor countries about the abolition in 2005 of the system of national quotas for textile imports by the industrialized countries, for it would affect millions of people and worsen the situation of countries whose competitive edge was already being eroded by the very high cost of transport over long distances, additional border crossings, and poor transit-transport systems. They therefore called on the donor countries to take steps to offset the negative effects which would result from the elimination of the quotas in January 2005 and welcomed the initial steps which were being considered by the European Union in that respect.

21. The July framework adopted by the WTO General Council on 1 August 2004 was a welcome development, for it had helped to put the Doha Round back on track and had significantly enhanced the prospects for the success of the trade negotiations. With regard to market access for agricultural and non-agricultural products, the negotiations should give particular attention to products of special interest to the landlocked developing countries and to the need stated in the São Paolo Consensus to expedite the Doha work programme for small economies.

22. Action must be taken to enable the landlocked developing countries which were not members of WTO to join as soon as possible. That would require the assistance of the international community, which should take into account the level of development of each country and the specific problems and needs resulting from its geographical disadvantages. It was crucial to create an efficient trade-facilitation system for the landlocked developing countries, whose overseas trade was dependent on the transit-transport policies and trade-facilitation arrangements of their neighbours, and to make it possible for them to participate actively in the relevant WTO negotiations. That would require the international organizations, in particular WTO, the World Bank, UNCTAD, the World Customs Organization and the regional commissions to extend coordinated technical assistance to all the landlocked developing countries.

23. In the Millennium Declaration the Heads of State and Government had committed themselves to an open, equitable, rules-based, predictable and non-discriminatory multilateral trading and financial system. Attainment of that objective was the only way to make the trading and financial system work for poverty reduction and development; as pointed out in the UNCTAD *Trade and Development Report 2004*, that would require greater policy coherence between the trading and monetary systems in order to foster interactions conducive to development. The progress achieved towards the attainment of the Millennium Development Goals was to be reviewed in 2005; as that review approached, the international community should exert greater efforts to fulfil its commitment to make trade serve as an engine of growth and development. The landlocked developing countries were grateful for the assistance furnished by UNCTAD for capacity-building with a view to the full implementation of the Almaty Programme of Action, which also requested WTO to recognize their special problems and needs.

24. **Ms. Hull** (United States of America) said that the present moment offered a strategic economic opportunity to build on the current economic expansion and ensure that an even greater proportion of mankind enjoyed a better life by taking advantage of the growth and securing a global reduction of trade barriers. Trade liberalization was essential to increased global prosperity and had proved itself to be one of the most effective ways of improving living standards for all.

25. It was not possible to liberalize trade without multilateral trade negotiations, a point re-affirmed in July 2004 when the UNCTAD General Conference in Geneva had committed itself to achieving ambitious results in the Doha Round negotiations, particularly in regard to agriculture. The framework agreed in July envisioned the complete elimination of subsidies for

agricultural exports, new discipline for export credits, a global commitment to harmonize trade-distorting farm subsidies, and improved market access for all products. In the case of manufactured products, which accounted for nearly 60 per cent of world trade, it had been agreed to improve market access, reduce tariffs by means of a formula to cut higher tariffs first, and to revert to the question of non-tariff barriers. In the case of services, it had been agreed to intensify negotiations for opening up services markets, which currently accounted for over half of most economies — to the point where services were now on par with agriculture and manufacturing as a core area of market access. After the disappointments in Cancún it was essential to make a commitment to the success of the Doha Round.

26. WTO was the proper venue for negotiations on trade. Other efforts to recast the Doha Development Agenda or prejudge the results of the Doha Round did not help the process but rather obstructed it. It was therefore important to continue and make a success of the current multilateral trade negotiations, which could deliver extraordinary benefits for the world.

27. **Mr. Fortin** (United Nations Conference on Trade and Development) said that he echoed the feelings of those delegations which believed that UNCTAD made a contribution to the shaping and development of the international trading system, that there were no conflicts or problems in its relationship with WTO, and that all parties were working for the same goals within their own mandates in a specific but complementary way. The question of accession to membership of WTO was one of the areas in which the work of UNCTAD was indispensable, for although WTO and its Secretariat could help countries with the legal formalities of accession they could not help them to deal with the trade negotiations leading to accession. UNCTAD was the only institution which could do that work and thereby help to make WTO a universal body. That was well understood by the countries which were financing such work (in particular the United Kingdom) because they realized that they were making a contribution to the global trading system. Accession to membership by the least developed countries was a special concern for UNCTAD, which was pleased that two such countries, which had been supported by UNCTAD in the negotiations, had become members of WTO.

28. Attention must also be drawn to the importance which all delegations accorded to the issue of commodities. In other days it had been understood that it was an important function of UNCTAD to support through its Commodities Division the negotiations with consumer and producer organizations, in the belief that they should intervene in the markets in some way by means of buffer stocks and other arrangements. That approach, based on the costly illusion that markets could in some sense be directed or steered, had proved incorrect and had been abandoned. What remained was the need for cooperation among all the stakeholders in the international commodity markets, which varied enormously in terms of their economic, social and political problems, as well as in other ways, and must therefore be treated with the necessary degree of differentiation. UNCTAD also worked closely with two organizations whose mandates related directly to the countries with special needs: the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States; and the Department of Economic and Social Affairs, which played a major role as focal point for the implementation of the Barbados Programme of Action.

29. Delegations had also expressed much interest in the idea of a new geography of international economic relations and international trade. UNCTAD reaffirmed that that idea did not seek to diminish the importance of trade between developed and developing countries or to divert attention from the main issue of access to markets and the elimination of trade distortions, which remained the primary objective of the negotiations in WTO and of the support work done by UNCTAD in that area. But the South was beginning to emerge as one of the main economic actors in trade and investment, technology, services and commodities with great potential for contributing to the multilateral trading system. The developing countries were somewhat reluctant to take part in negotiations on market access for non-agricultural products because they felt that they should protect their infant industries, but if they saw in those negotiations the possibility of bringing into play their comparative advantages, diversity and complementarities they could contribute both to the expansion of South-South trade and to the expansion and development of the multilateral trading system. UNCTAD would continue to work in those areas in a manner which complemented the work of WTO, in the hope of helping to strengthen the international trading system.

30. **Mr. Montealegre** (Philippines) said that his delegation associated itself with the statements made

by the representative of Qatar on behalf of the Group of 77 and China, by the representative of Indonesia on behalf of ASEAN, and by the representative of Australia on behalf of the Cairns Group. His delegation was grateful to the Secretary-General for his report and noted that several other delegations had already stressed the need for effective implementation of the São Paolo Consensus and had mentioned the results which the Doha Round was hoped to achieve with regard inter alia to the role of UNCTAD in development cooperation.

31. It had been asserted time and again that trade was the main engine of growth, propelling jobs creation and contributing to the attainment of the Millennium Development Goals and the improvement of the quality of life for people around the globe. It was for that reason that the Philippines attached great importance to creating an international trading environment which was open, rules-based and non-discriminatory and operated on a level playing field. Addressing the question of coherence between the various policies, the observance of policy space, and strengthening the role of UNCTAD would help to deliver such an environment.

32. Every country bore the primary responsibility for its own development, but it must also be recognized that global economic processes should support and facilitate national development goals and strategies. The Philippines was also convinced that global economic policy-making required increased multidimensional coherence. That meant that the Bretton Woods institutions and other international organizations would also have to align their policies accordingly. While coherence between national economic policies and international economic processes was essential, it was equally important for the development prescriptions of the international financial, monetary and trade institutions to be coherent with each other. There was no such thing as a one-size-fits-all strategy.

33. The Philippines had played an active role in the development work of the United Nations, participating in international meetings where it had emphasized that the international community must incorporate the development dimension of developing countries in international trade policies. That could be done only if the developing countries enjoyed the necessary policy space in such areas as trade, investment, technology and other specific sectors. That was the basic principle of development: a social obligation derived from the profit motive.

34. UNCTAD XI had reaffirmed the institution's continuing importance as the sole United Nations body with a mandate to consider trade and development issues in an integrated manner. It was essential to continue to support the work done by UNCTAD in connection with the deepening globalization and interdependence processes and the unfulfilled development commitments. UNCTAD must likewise continue to support countries with respect to issues of international trade and finance and other economic and social issues which were not adequately addressed in other forums. It deserved commendation for the important role which it played in providing the developing countries with technical assistance for capacity-building to enable them to engage actively in multilateral economic negotiations. It should also play a major role in forging the critical link between trade, which fell within the purview of WTO, and the various development processes of the United Nations system. To that end UNCTAD must retain its central role in the promotion of multilateral cooperation for development. It should also complement the functions of WTO and other multilateral institutions in the various development rounds as the principal arm of the United Nations in its coordination dialogue on development issues with the International Monetary Fund, the World Bank and other stakeholders through the Financing for Development Initiative and the high-level processes of the Economic and Social Council. And UNCTAD should undertake further studies and research on the development and promotion of a framework for development cooperation based on the concept of policy space, in accordance with what had been agreed at UNCTAD XI and in the São Paolo Consensus.

35. **Mr. Gerus** (Belarus) said that international trade was one of the principal moving forces of economic growth and development and that when fully integrated in national development plans trade policies played an important role in achieving such goals as economic growth, poverty eradication, creation of new jobs, and sustainable development. The majority of the developing countries were in extremely difficult situations which had prompted them to make significant efforts in the sphere of trade liberalization, demonstrating their aspiration to use trade as an instrument of development and poverty reduction. Unfortunately, despite those efforts the share of

African and least developed countries in international trade continued to decline. The States members of WTO should take practical steps to prove their intention to ensure duty-free and quota-free access for the products of the least developed countries. Belarus had helped to provide access to world markets for the developing and least developed countries and had granted unilateral trade preferences to a number of them.

36. His delegation warmly welcomed the conclusion reached by UNCTAD that the role of the developing countries and the countries with economies in transition in the growth of international trade was more important now than ever before. However, the conditions of the access of those two groups of countries to the markets of the developed countries were crucial factors for their economic and trade growth; it was therefore necessary to reduce the barriers to trade and assist those two groups of countries to cope with the difficulties and the high costs of integration in the markets of the developed countries.

37. It was to be hoped that the Doha Round of multilateral trade negotiations would be brought to a successful conclusion, creating new opportunities for trade, reducing the trade barriers between countries, and directing the trading system towards the development goals. The negotiations should lead to the attainment of the Round's main objective: to provide development assistance and establish stable, predictable and non-discriminatory conditions for access to the international goods and services markets by all participants, including the countries with economies in transition which were in the process of joining WTO. In that connection his delegation welcomed the framework agreement adopted in 2004 by the countries members of WTO, for it had broken the Cancún deadlock and allowed the multilateral trade negotiations to be renewed within the WTO context. The determination of frameworks, structures and directions for future negotiations in five priority fields was important for the further advancement of the negotiating process and gave grounds for optimism about their results. It should not however be forgotten that real progress could not be made without political will and additional efforts on the part of all the participants in the negotiations.

38. As a country in the process of joining WTO Belarus noted with satisfaction that its member States recognized the necessity of taking into account the significant concessions made by new members. Belarus had an open economy and its accession to membership in WTO was part of a sustainable-development strategy and a priority of its economic foreign policy. In the negotiating process Belarus was in favour of establishing obligations for the joining countries in keeping with their economic situation which offered them an opportunity to derive real benefit from their participation in the multilateral trading system in the future.

39. The organizations of the United Nations system, in particular UNCTAD, had both the necessary competence and significant experience in assisting the developing countries and the countries with economies in transition to join the multilateral trading system on acceptable terms which took into account their special characteristics and development needs. His delegation welcomed in that connection the provisions contained in the final documents of UNCTAD XI concerning the need to reinforce the support given to the countries with economies in transition to enable them to formulate, implement and review their domestic trade-related policies and other measures in order to enhance as far as possible their role in international trade. Belarus was ready to take an active part in the design of mechanisms for the practical provision of such support.

40. **Ms. Al-Rawi** (Iraq) said that her delegation associated itself with the statement made by the representative of Qatar on behalf of the Group of 77 and China. Globalization had placed the developing countries in a very difficult situation in terms of their adjustment to the new international economic scene and world economy, which was tending increasingly towards openness and free trade. It was therefore essential, now more than ever before, for the international community to take the necessary action to help the developing countries to integrate themselves in the world economy and thus in the multilateral trading system and for it to remove all the obstacles to and restrictions on the movement of commodities, services and technology so that the developing countries could forge a new alliance for genuine development in the world.

41. Iraq believed that the international community and the international financial institutions, both multilateral and bilateral, should furnish the necessary assistance to ease the impact of the drop in export earnings in those countries which were heavily

dependent on exports of commodities. An appeal must be made for the donor countries to assist the programmes for diversification and protection of the affected countries. There was a need to reform the international financial system and place a limit on financial flows which had an adverse impact on the prices of the commodities of the developing countries and undermined their efforts to secure development and economic independence. WTO and the international trading system should facilitate the access of developing-country commodities to developed-country markets and thereby mitigate the impact of crises.

42. Iraq appealed to UNCTAD and the Common Fund for Commodities, as well as to all the other organizations concerned, to make available the information obtained from studies conducted for the purpose of improving the capacity of the developing countries to set their programmes in motion. It was to be hoped that the establishment of an international economic and financial system would ensure the economic development and well-being of all the peoples of the world.

43. **Mr. Barnwell** (Guyana), speaking on behalf of the countries members of the Caribbean Community (CARICOM) on item 83 (a) and (d), said that they fully endorsed the statements made by the representative of Qatar on behalf of the Group of 77 and China and by the permanent representative of Mauritius on behalf of the Alliance of Small Island States. Trade remained the most important engine for promoting economic growth, poverty eradication and sustainable development. Trade, growth and development should be mutually supportive and reinforcing. Trade policies should be integrated into a holistic framework covering the various aspects of the development process, such as savings and investment, macroeconomic stability and human resources development.

44. Following the prolonged deliberations of July 2004, which had resulted in a framework arrangement for the continuation of the negotiations on the Doha Ministerial Declaration, the States members of CARICOM stressed the urgency of advancing the development agenda. It was not sufficient simply to reaffirm decisions taken in Doha two years earlier, nor would it be acceptable to revise the expectations of the Doha Development Agenda in a manner which undermined the legitimate interests and concerns of the developing countries, particularly those with small vulnerable economies.

45. Over the past two decades the States members of CARICOM had carried out some of the most radical programmes of economic reform, with the expectation of reaping the gains of trade liberalization. CARICOM was committed to the WTO reform process, which included special provisions to address the development needs of small vulnerable economies. In that context it believed that trade liberalization was not an end in itself but a means of promoting the sustainable development of the developing countries. However, trade liberalization and the erosion of preferences were having severe effects on the fragile economies, social stability, health, education and revenues of several of the States members of CARICOM. Those problems complicated the region's economic situation still further and created additional difficulties in attracting investment and pursuing appropriate trade and development policies. The CARICOM States faced the risk of marginalization unless they were extended the special and differential treatment which were essential if they were to use trade agreements to promote trade, growth and development. Such treatment was more than an adjustment mechanism for the implementation of trade agreements: it was an important instrument of development; the matter had been addressed in paragraph 44 of the Doha Ministerial Declaration.

46. Paragraph 36 of that Declaration provided for a working group to examine the relationship between trade, debt and finance and make recommendations on steps which might be taken within the mandate and competence of WTO to enhance the capacity of the multilateral trading system to contribute to a durable solution to the problem of the indebtedness of the developing and least developed countries and to strengthen the coherence of domestic trade and financial policies in order to safeguard the multilateral trading system against the effects of financial and monetary instability. That question was a matter of profound concern for the States members of CARICOM, which hoped that WTO, the General Assembly and other relevant international institutions would give it full consideration.

47. Services were another area of the WTO agenda of critical importance for the CARICOM economies. The services sector had been addressed under WTO auspices in 1995 in the General Agreement on Trade in Services (GATS). GATS incorporated the basic principles of non-discrimination, most-favoured-nation treatment, national treatment and transparency, but the

progressive liberalization called for in GATS could have both very negative and very positive consequences for small vulnerable economies such as those of the Caribbean. It raised a number of sensitive issues such as human development, possible adverse effects on employment, migration, cultural penetration, and intrusion into policy space. Such issues required multilateral cooperation. The Secretary-General should address them in his future reports.

48. Regrettably, the critical issue of commodities had not been addressed comprehensively in the Doha Declaration, the Monterrey Consensus or the Johannesburg Plan of Implementation, but it had been accorded special attention by the President of the General Assembly at its fifty-eighth session and by UNCTAD in the eminent persons' report on commodities. That report contained 15 recommendations for action, including: (a) enhanced, equitable and predictable market access for commodities of key importance to developing countries; (b) attention to the problems of oversupply of many commodities; (c) making compensatory financing schemes user-friendly and operational; (d) strengthening capacity and institutions; and (e) pursuing the possibility of creating a new international diversification fund. The CARICOM States were concerned about the deteriorating terms of trade for commodities and the debilitating impact of that trend on the performance of commodity-dependent developing countries. As his delegation had pointed out in 2003, the seriousness of the problem prompted doubts about the possibility of attaining the Millennium Development Goals in many developing countries and posited an urgent need for action by the international development institutions to ensure policy coherence on commodity issues.

49. **Mr. Adel** (Egypt) said that his delegation associated itself with the statement made by the representative of Qatar on behalf of the Group of 77 and China. There had been two major international economic events in 2004: UNCTAD XI and the decision taken by the WTO General Council on 1 August under the Doha work programme. Both events had stressed the importance of including the developmental dimension in any future multilateral trade negotiations, thus reinforcing the consensus that trade was not an end in itself but a means to growth. Like many other developing countries, Egypt believed that there was a need to place development at the centre of the international economic agenda and to enhance the coherence between national development strategies on the one hand and international obligations and commitments on the other, with the objective of creating an enabling economic environment for development. It was for each country to evaluate the advantages and disadvantages of the international rules and commitments.

50. A satisfactory outcome to the negotiations under the Doha work programme would depend on whether they took into account the interests and concerns of the developing countries in a transparent and inclusive process. It was important inter alia to increase their access to the markets of the developed countries in order to secure development gains from the international trading system, to make special and differential treatment an integral part of all aspects of the negotiations, to address as priorities the implementation-related issues and concerns raised by developing countries, to devise means of eliminating all export subsidies for agricultural products by a credible early date, to address the difficulties faced by commodity-dependent developing countries owing to the volatility of commodity prices in the world markets, and to reduce or eliminate high tariffs, tariff peaks and tariff escalation, and non-tariff barriers.

51. **Ms. Jemaneh** (Ethiopia) said that her delegation endorsed the statement made by the representative of Qatar on behalf of the Group of 77 and China. International trade was one of the most suitable tools for achieving the Millennium Development Goals, even if the developing countries were faced with many problems owing to the lack of multilateral rules responsive to their development needs and priorities. In many developing countries trade was not functioning as an engine of growth because their economies were based on a few primary products beset by weak demand, volatile prices and terms of trade which had been deteriorating for some time; the whole situation was aggravated by infrastructure deficiencies, lack of modern technology, and poor access to market information.

52. Her delegation believed that the framework agreement adopted by WTO on 1 August 2004 was a step forward in the search for solutions to those problems, but the parties involved must take concrete action to resume the negotiations on the Doha work programme in order to secure a rules-based, non-discriminatory and development-oriented multilateral trading system. However, reform of the international

trading system could not of itself provide a panacea for the problems of the developing countries. The international community needed to give the developing countries financial and other trade-related technical assistance to complement their efforts to integrate themselves more effectively in the international trading system. The consensus reached at UNCTAD XI constituted an added value in the ongoing WTO negotiations on the Doha work programme. UNCTAD had been given an ambitious mandate on commodities and would continue its efforts to identify, design and implement new policy approaches to commodity-related development problems. Her delegation welcomed the establishment of a task force on commodity issues at UNCTAD XI.

53. Ethiopia, which was in the process of joining WTO, urged its members to implement faithfully the decision adopted by the General Council on 10 December 2002 on guidelines to facilitate and accelerate the joining process for the least developed countries. It emphasized the need to give those countries adequate and predictable assistance, including technical, financial and other forms of assistance, as indicated in the Brussels Programme of Action, in order to enable them to participate effectively in trade negotiations in defence of their interests, and it requested the development partners to continue their all-round support for Ethiopia's application for membership.

54. **Mr. Savchuk** (Ukraine) said that the Secretary-General's report on trade and development reflected the substantial growth in international trade in recent years, although not all countries were benefiting to the same extent from the multilateral trading system. It was in fact important for all countries to benefit from that system and to take sustained action to create stable, predictable and non-discriminatory terms of access for all countries, including those with economies in transition, to the international goods and services markets. Market openness should be maintained and expanded by improving the multilateral trade rules and keeping them in a balanced relationship with trade liberalization, for that would enable the economies in transition to benefit from liberalization and integrate themselves better in the global economic system. Furthermore, the expansion of the transitional and developing markets would produce economic growth and have a positive impact on the global economic system.

55. As a framework for promoting world trade and economic growth WTO played a fundamental role when it came to establishing just and non-discriminatory multilateral trade relations and providing transitional and developing countries with guidelines to help them to gain access to world markets on terms of equality. Ukraine welcomed the agreements reached by the WTO General Council in the trade negotiations under the Doha programme of work: the momentum gained must be used to secure satisfactory results in the multilateral trade negotiations and an international trading environment conducive to development for all.

56. UNCTAD should perform a more important function as United Nations coordinator of the integration of trade and development. The success of UNCTAD XI was commendable, for the session had achieved a consensus on important aspects of the international trade and development agenda, and the already broad UNCTAD mandate in that area had been expanded. It was a cause for satisfaction that the session had imparted a fresh impetus to the multilateral trade negotiations under the Doha programme of work. UNCTAD should collaborate closely with WTO and the International Trade Centre and improve the coordination of the global development agenda for trade in order to avoid duplication in the efforts to promote the integration of all countries in the world economy.

57. Ukraine had made substantial progress in international trade in recent years but had a long way to go before it was fully integrated in the international trading system. Its accession to membership in WTO would help to achieve that goal, and therefore Ukraine urged the international community to facilitate its admission on commercially meaningful and viable terms, for that would have a fundamental influence on its domestic initiatives to increase trade and investment. It was also essential for the relationship between the developed countries on the one hand and the transitional and developing countries on the other to be a realistic one; such a relationship should form the basis of the international trading system. In that connection Ukraine requested the European Union and the United States, two of its major trading partners, to recognize it as having a fully developed market economy following the important reforms carried through over the last two years.

58. **Mr. Singh** (World Conservation Union (IUCN)) said that in the context of the Millennium Development Goals the trading and financial system was

fundamental to the promotion of a world association for development. The World Conservation Union (IUCN) shared the view that trade was not an end in itself but a means of reducing poverty and achieving sustainable development. The point had also been made repeatedly that trade and the environment must be mutually supportive.

59. UNCTAD XI had been the first major international meeting on trade since the failure of the WTO Ministerial Conference in Cancún. IUCN congratulated UNCTAD on the work which it had done, on its efforts to ensure that trade should facilitate development, and on its initiatives concerning the environmental aspects of its mandate, and it encouraged UNCTAD to continue incorporating environmental issues in its programme of work, in accordance with Agenda 21. Trade issues had been acquiring ever increasing importance in international agreements on biodiversity, threatened species and genetic resources, as well as in the debates on access to and distribution of benefits and on intellectual property rights. IUCN believed that the main problem of sustainability was to increase the coordination between those processes.

60. Against the background of the innovations in the area of trade and sustainable development, attention must be drawn to three especially important matters. Firstly, ensuring coherence between international policies and legislation was one of the main functions of the United Nations. IUCN urged the Organization to take a strategic role in the efforts to secure that coherence in the sphere of trade and sustainable development, for that was a crucial factor for the success of the Doha negotiations. Secondly, IUCN endorsed the view that sustainable development must be reflected and fully integrated in the programmes of United Nations organizations, the Bretton Woods institutions and WTO. In that connection it welcomed the work done by the United Nations on the integration and coordination of the outcomes of the major economic and social conferences and urged the Organization to continue and to step up its efforts to enhance the communication, collaboration and coherence between all the bodies concerned with trade and sustainable development. IUCN requested the States Members of the United Nations to become members of WTO as well, to raise environmental issues in the trade forums and, in particular, to try to find a constructive solution to the dispute about the observer status of the international environmental organizations, in order to ensure that such issues were given attention in the deliberations of WTO. Thirdly, IUCN welcomed the continuing attention given by UNCTAD to the need to build up trade and development capacities and encouraged it in its efforts to ensure that the needs of the developing countries and the function of organizations of civil society were taken into account when it came to technical assistance and capacity-building in connection with trade and the environment.

61. IUCN was working for a just world in which nature was valued and conserved; it was committed to ensuring that trade contributed to the attainment of that goal.

The meeting rose at 4.35 p.m.